

The AkzoNobel logo is positioned in the top right corner of the image. It consists of the word "AkzoNobel" in a blue, sans-serif font. The background of the entire image is a composite of two photographs: on the left, a male worker in a blue uniform inspects a white car wheel; on the right, a female worker in a blue uniform and hard hat holds a large white component. A diagonal blue graphic element separates the two photos.

AkzoNobel

The text "Investor update Q3 2023" is located in the bottom left corner. It is written in a white, bold, sans-serif font. The background behind the text is a dark blue gradient that matches the left side of the overall image.

Investor update
Q3 2023

October 25, 2023

Forward-looking statements

This presentation¹ does not constitute or form a part of any offer to sell, or any invitation or other solicitation of any offer, to buy or subscribe for any securities in the United States or any other jurisdiction.

Some statements in this presentation are 'forward-looking statements'. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that may occur in the future. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are outside of our control and impossible to predict and may cause actual results to differ materially from any future results expressed or implied. These forward-looking statements are based on current expectations, estimates, forecasts, analyses and projections about the industries in which we operate and management's beliefs and assumptions about possible future events. You are cautioned not to put undue reliance on these forward-looking statements, which only speak as of the date of this presentation and are neither predictions nor guarantees of possible future events or circumstances. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

This report contains statements which address such key issues as AkzoNobel's growth strategy, future financial results, market positions, product development, products in the pipeline and product approvals. Such statements should be carefully considered, and it should be understood that many factors could cause forecast and actual results to differ from these statements. These factors include, but are not limited to, price fluctuations, currency fluctuations, developments in raw material and personnel costs, pensions, physical and environmental risks, legal issues, and legislative, fiscal, and other regulatory measures, as well as significant market disruptions such as the impact of pandemics. Stated competitive positions are based on management estimates supported by information provided by specialized external agencies. For a more comprehensive discussion of the risk factors affecting our business, please see our latest annual report, a copy of which can be found on the company's corporate website www.akzonobel.com

Q3 2023 Highlights

Profit rebound continuing on margin expansion, deleveraging gathering speed

Q3 2023 y-o-y

- ⚡ Revenue growth of 5% in CC
- ▬ Volumes resilient, flat in the quarter
- ⚡ ROS at 11.8% (vs 6.4% in Q3'22)
- ⚡ Adj. OPI at €324m (vs €184m in Q3'22)
- ⚡ FCF at €243m

YTD 2023 y-o-y

- ⚡ Revenue growth of 5% in CC
- ⚡ ROS at 10.5% (vs 8.0% YTD'22)
- ⚡ Margin¹ expansion of €397m
- ⚡ Adj. EBITDA at €1,116m (+19% y-o-y)
- ⚡ De-levered to 3.2x Net debt/EBITDA

Business update

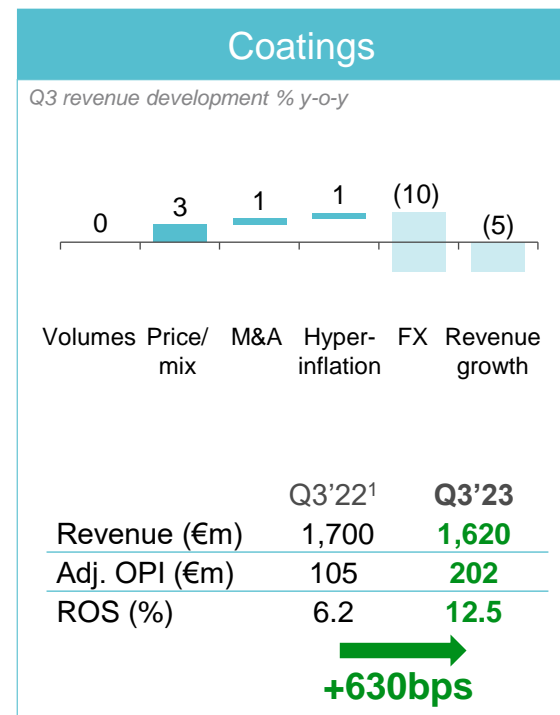
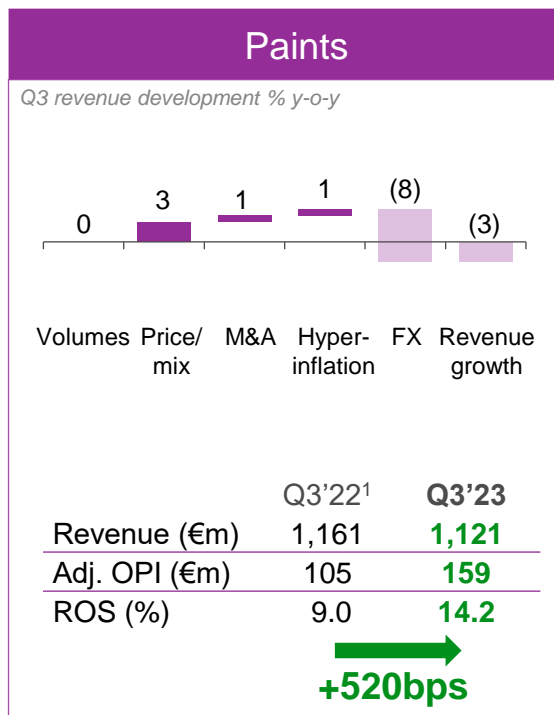
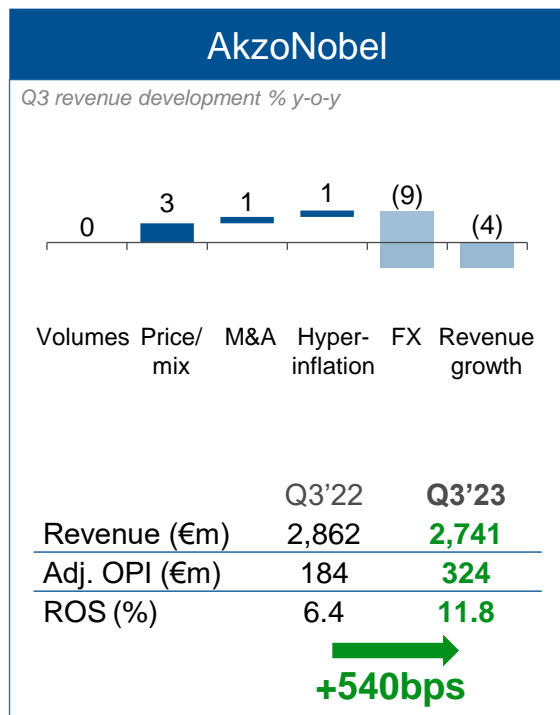
Mixed trends, volume rebound not yet visible, easier comps in Q4

		Q3 2023	Q4 2023
Paints EMEA	Demand continuing to stabilize, Europe flat	Flat	Flat
Paints LATAM	Soft market conditions	-MSD%	
Paints China	Continuation of H1 trend	+HSD%	Growing
Paints South Asia	Mixed market conditions dictating performance	+LSD%	
Powder Coatings	Demand improvement earlier than expected	+MSD%	
Marine & Protective	Continued strength, especially in Asia	+HSD%	
Automotive & Specialty	Weakness in VR Europe partly offset by Auto and VR NAM	-LSD%	
Industrial Coatings	Strength in Coil, Wood still under pressure	-HSD%	-LSD%
AkzoNobel	Q4 up on easier comps	Flat	+LSD%

Organic volumes y-o-y

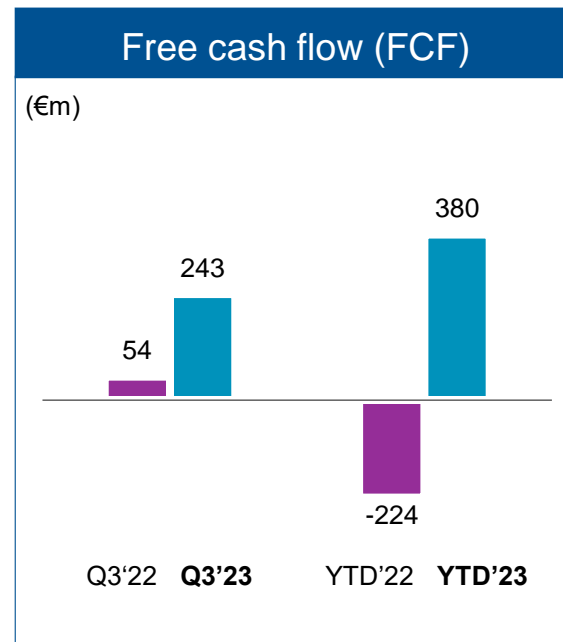
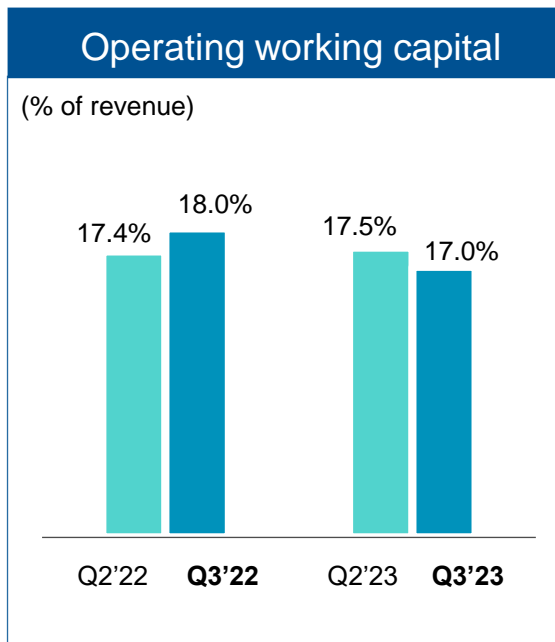
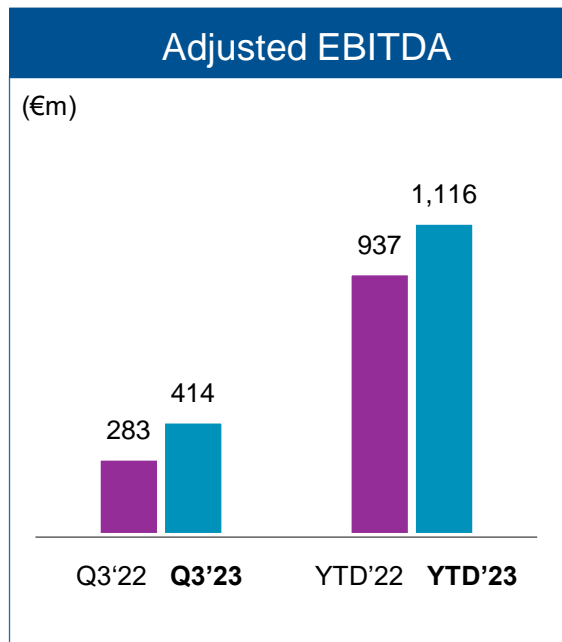
Q3 Business performance

Strong margin expansion in both Paints and Coatings, FX headwinds



De-levered to 3.2x Net Debt/EBITDA in Q3

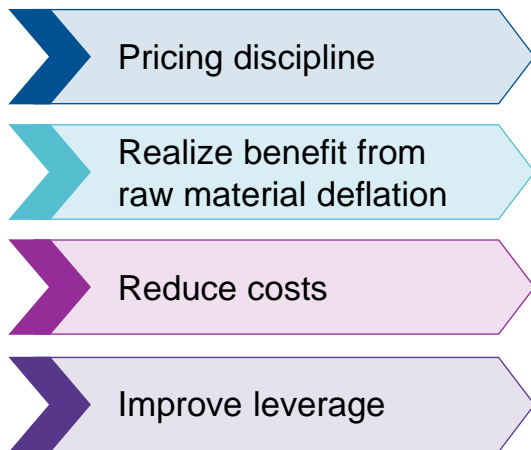
Rebounding EBITDA and improving working capital supporting FCF



2023 Outlook

Delivering on priorities – outlook reaffirmed

2023 Priorities



2023 Outlook

- Adjusted EBITDA: **around €1.45bn**
- Volumes: **~flat**
- Year-end leverage: **<3x**
(Kansai Paint Africa acquisition not expected to close in 2023)
- Post-2023, continue to de-lever towards 2.0x

Outlook is based on organic volumes and constant currencies, and assumes no significant market disruptions.

Industrial Transformation

Unlock value in integrated supply chain



Annual savings vs 2023 baseline

Above & beyond recurring continuous improvement

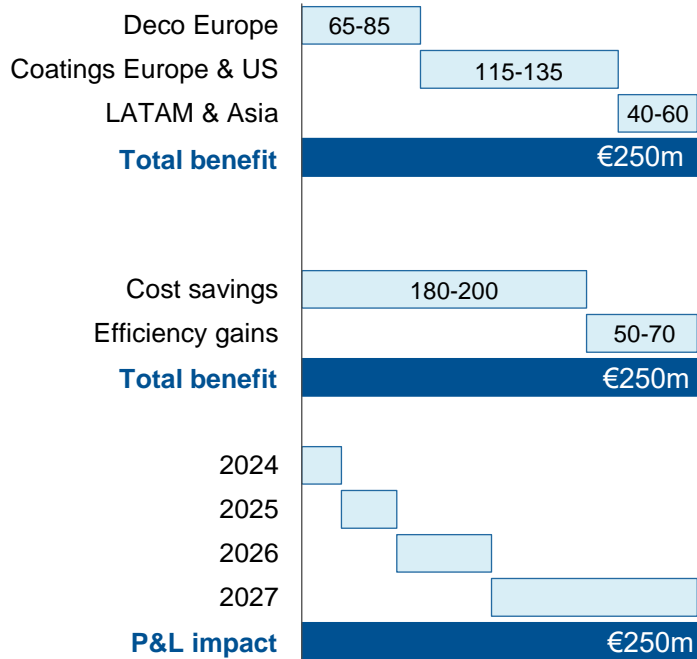
Three-pronged transformation

Deco Europe under way, Coatings implementation starting

	1 > Deco Europe	2 > Coatings Europe & US	3 > LATAM & Asia
Key elements	<ul style="list-style-type: none">• Harmonize formulations• Rationalize raws & packs• Automation and equipment efficiency of anchor sites• Improve asset utilization• Late-stage differentiation	<ul style="list-style-type: none">• Implement business-specific supply chains• Improve asset productivity• Automation and equipment efficiency of anchor sites• Selective consolidation• Reset distribution model	<ul style="list-style-type: none">• Historically highest maturity levels• Roll-out of best practices from 1 and 2
Timeline	<ul style="list-style-type: none">• Implementation under way• Finish in early '27	<ul style="list-style-type: none">• Implementation starting• Finish in late '26	<ul style="list-style-type: none">• Start in late '24

Industrial Transformation delivering €250m benefit

Full potential in 2027



Investment over three years (2024-2026)

- Identified items: €130-150m
- CAPEX: ~€150m, incremental to normative level

Progress metrics

Portfolio optimization

Complexity:

raws, packs, formulations, SKUs

Readiness:

recipes transfer ready,
volumes transferred

Supply chain performance

Plan: forecast accuracy, days inventory, OTIF

Source: % dual sourcing, supplier OTIF

Make: labor productivity, material efficiency,
production schedule performance

Deliver: outbound load factor, lead time, SLA

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Upcoming events

Ex-dividend date of 2023 interim dividend	October 30, 2023
Record date of 2023 interim dividend	October 31, 2023
Payment date of 2023 interim dividend	November 9, 2023
Q4 results	February 7, 2024

Alternative performance measures (APM)

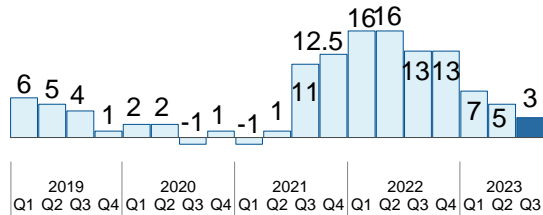
AkzoNobel uses APM adjustments to the IFRS measures to provide supplementary information on the reporting of the underlying developments of the business. A reconciliation of the alternative performance measures to the most directly comparable IFRS measures can be found in the appendix to this presentation. This Investor Update covers the highlights for the quarter. We recommend to read the Investor Update in combination with the AkzoNobel Q3 2023 Report. The Q3 2023 Report provides additional information, including the IAS34 condensed consolidated financial statements.

All figures in this presentation and in the AkzoNobel Q3 2023 Report are unaudited. The interim condensed consolidated financial statements were discussed and approved by the Board of Management and the Supervisory Board.

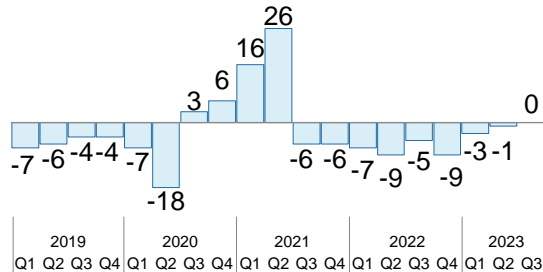
Price/mix and volumes

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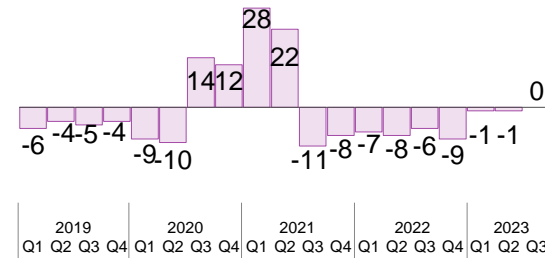
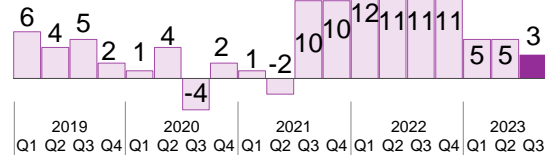
price/mix (% y-o-y)



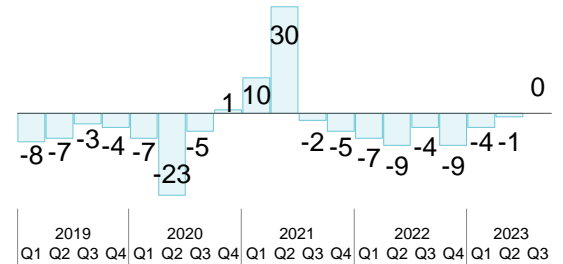
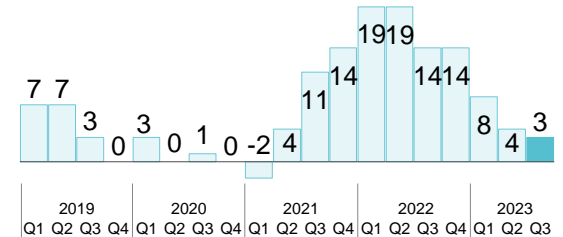
organic volumes (% y-o-y)



Paints



Coatings



Performance measures

Definitions of alternative performance measures

- **Adjusted earnings per share** are the basic earnings per share from operations, excluding identified items and taxes thereon
- **Adjusted EBITDA** is operating income excluding depreciation, amortization and identified items
- **Adjusted operating income (OPI)** is operating income excluding identified items
- **Constant currencies (CC)** exclude the impact of changes in foreign exchange rates by retranslating the prior year local currency amounts into euro at the current year's foreign exchange rates
- **Free cash flow** is net cash generated from/(used for) operating activities minus capital expenditures
- **Identified items** are special charges and benefits, results on acquisitions and divestments, major restructuring and impairment charges, and charges and benefits related to major legal, environmental and tax cases
- **ROI** is adjusted operating income of the last 12 months as percentage of average invested capital
- **ROS** is adjusted operating income as percentage of revenue
- **Leverage ratio** is calculated as net debt divided by EBITDA, which is calculated as the total of the last 12 months
- **Operating working capital (Trade)** is defined as the sum of inventories, trade receivables and trade payables. When expressed as a ratio, operating working capital is measured against four times last quarter revenue

Additional financial information

Consolidated statement of free cash flows

Q3'22	Q3'23	€ million	YTD'22	YTD'23
265	443	EBITDA	878	1,079
2	—	Impairment losses	6	2
(3)	(50)	Pre-tax results on acquisitions and divestments	(16)	(47)
(25)	97	Changes in working capital	(713)	(116)
—	—	Pension pre-funding	48	—
(7)	(7)	Pension top-up payments	(8)	(8)
(10)	(1)	Other changes in provisions	(18)	(8)
(34)	(41)	Interest paid	(58)	(131)
(73)	(153)	Income tax paid	(171)	(247)
11	9	Other	24	28
126	297	Net cash generated from/(used for) operating activities	(28)	552
(72)	(54)	Capital expenditures	(196)	(172)
54	243	Free cash flow	(224)	380

Operating income to net income

Q3'22	Q3'23	€ million	YTD'22	YTD'23
168	354	Operating income	605	815
(33)	(68)	Financing income and expenses	(73)	(151)
6	8	Results from associates and joint ventures	19	20
141	294	Profit before tax	551	684
(51)	(96)	Income tax	(180)	(247)
90	198	Profit from continuing operations	371	437
(4)	(1)	Profit from discontinued operations	(10)	(2)
86	197	Profit for the period	361	435
(2)	(8)	Non-controlling interests	(17)	(34)
84	189	Net income	344	401
Earnings per share (in €)				
0.48	1.11	Total operations	1.96	2.35
Adjusted earnings per share (in €)				
0.57	0.99	Continuing operations	2.28	2.64

Alternative performance measures

Q3 2022	Q3 2023	Δ%	Operating income (€m)	YTD 2022	YTD 2023	Δ%
102	156	53%	Decorative Paints	341	401	18%
98	245	150%	Performance Coatings	362	543	50%
(32)	(47)		Other activities	(98)	(129)	
168	354	111%	Total	605	815	35%

Q3 2022	Q3 2023	Identified items (€m)	YTD 2022	YTD 2023
(3)	(3)	Decorative Paints	—	(17)
(7)	43	Performance Coatings	(37)	23
(6)	(10)	Other activities	(21)	(44)
(16)	30	Total	(58)	(38)

Q3 2022	Q3 2023	Δ%	Adjusted operating income (€m)	YTD 2022	YTD 2023	Δ%
105	159	51%	Decorative Paints	341	418	23%
105	202	92%	Performance Coatings	399	520	30%
(26)	(37)		Other activities	(77)	(85)	
184	324	76%	Total	663	853	29%

Q3 2022	Q3 2023	Δ%	EBITDA (€m)	YTD 2022	YTD 2023	Δ%
168	354	111%	Operating income	605	815	35%
97	89		Depreciation and amortization	273	264	
265	443	67%	EBITDA	878	1,079	23%

Q3 2022	Q3 2023	Δ%	Adjusted EBITDA (€m)	YTD 2022	YTD 2023	Δ%
184	324	76%	Adjusted operating income	663	853	29%
99	90		Depreciation and amortization (excluding Identified items)	274	263	
283	414	46%	Adjusted EBITDA	937	1,116	19%

Q3 2022	Q3 2023	OPI margin (%)	YTD 2022	YTD 2023
8.8	13.9	Decorative Paints	10.2	12.1
5.8	15.1	Performance Coatings	7.4	11.3
		Other activities ¹		
5.9	12.9	Total	7.3	10.0

Q3 2022	Q3 2023	ROS (%)	YTD 2022	YTD 2023
9.0	14.2	Decorative Paints	10.2	12.6
6.2	12.5	Performance Coatings	8.1	10.8
		Other activities ¹		
6.4	11.8	Total	8.0	10.5

Q3 2022	Q3 2023	Adjusted earnings per share from continuing operations (€m)	YTD 2022	YTD 2023
90	198	Profit from continuing operations	371	437
16	(30)	Identified items reported in operating income	58	38
—	(1)	Identified items reported in interest	(10)	—
(4)	10	Identified items reported in income tax	(1)	10
(2)	(8)	Non-controlling interests	(17)	(34)
100	169	Adjusted net income from continuing operations	401	451

174.0	170.6	Weighted average number of shares (in millions)	175.8	170.6
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0.57	0.99	Adjusted earnings per share from continuing operations	2.28	2.64
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Average invested capital (€m)			
Oct 2021 - Sep 2022/Oct 2022 - Sep 2023	2022	2023	Δ%
Decorative Paints	3,447	3,823	11%
Performance Coatings	3,859	3,796	(2%)
Other activities	438	682	
Total	7,744	8,301	7%

ROI (%)		
Oct 2021 - Sep 2022/Oct 2022 - Sep 2023	2022	2023
Decorative Paints	12.8	12.3
Performance Coatings	13.7	16.3
Other activities ¹		
Total	11.3	11.8

EBITDA (€m)		
Oct 2021 - Sep 2022/Oct 2022 - Sep 2023	2022	2023
Operating income	810	918
Depreciation and amortization	367	359
EBITDA	1,177	1,277

Net Debt (€m)		
Sep 30	2022	2023
Short-term investments	(23)	(235)
Cash and cash equivalents	(1,346)	(1,668)
Long-term borrowings	3,362	3,664
Short-term borrowings	1,953	2,342
Total	3,946	4,103

Leverage ratio		
Oct 2021 - Sep 2022/Oct 2022 - Sep 2023	2022	2023
Net debt (€m)	3,946	4,103
EBITDA (€m)	1,177	1,277
Leverage ratio	3.4	3.2

Effective January 1, 2023, AkzoNobel has integrated the Grupo Orbis Coatings financials into the respective Performance Coatings BUs and updated the 2022 comparative figures. The changes do not have an effect on AkzoNobel's reported consolidated statement of income and balance sheet. More information is available via our website.

ESG ratings

Recognized sustainability leader in the industry



Only paints and coatings company AAA in MSCI



Top 1% all companies assessed by EcoVadis



Low risk rating Sustainalytics¹

